

**STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN**

ANNUAL FINANCIAL REPORTING FORM

Submitted on 4/29/2003 2:47:31 PM

		1
1.	FOR THE YEAR ENDING:	December 31, 2002
2.	Name:	Pacific Union Dental, Inc.
3.	File Number:(Enter last three digits) 933-0	211
4.	Date Incorporated or Organized:	December 1, 1982
5.	Date Licensed as a HCSP:	December 1, 1983
6.	Date Federally Qualified as a HCSP:	N/A
7.	Date Commenced Operation:	December 1, 1983
8.	Mailing Address:	1390 Willow Pass Road Suite 800, Concord, CA 94520
9.	Address of Main Administrative Office:	1390 Willow Pass Road Suite 800, Concord, CA 94520
10.	Telephone Number:	(925) 363-6000
11.	HCSP's ID Number:	94-2094953
12.	Principal Location of Books and Records:	1390 Willow Pass Road Suite 800, Concord, CA 94520
13.	Plan Contact Person and Phone Number:	Burt Weinstein, Controller (925) 363-6022
14.	Financial Reporting Contact Person and Phone Number:	Burt Weinstein, Controller (925) 363-6022
15.	President:*	John Gaebel
16.	Secretary:*	Randy Brecher
17.	Chief Financial Officer:*	Randy Brecher
18.	Other Officers:*	Randy Brecher, Treasurer
19.		Dan Maher, Vice President
20.		William Taylor, Assistant Treasurer
21.		John Geschke, Assistant Secretary
22.	Directors:*	John Gaebel
23.		Dan Maher
24.		Randy Brecher
25.		
26.		
27.		
28.		
29.		
30.		
31.		

The officers listed on lines 15 through 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.





32. President	John Gaebel
33. Secretary	Randy Brecher
34. Chief Financial Officer	Randy Brecher
* Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement.	
35. If this is a revised filing, check here:	<input type="checkbox"/>
36. If all dollar amounts are reported in thousands (000), check here	<input type="checkbox"/>

Check My Work.

STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN

ANNUAL FINANCIAL REPORTING FORM

SUPPLEMENTAL INFORMATION

		1	
1.	Are footnote disclosures attached with this filing?	Yes	
2.	Is the attached reporting form filed on a consolidated or combined basis? If "Yes", the plan is required to file consolidating or combining schedules.	No	
3.	Is the plan required to file additional information (i.e. parent/affiliate financial statements, claims reports, etc.) that is required by the Department?	No	
4.	Are there any significant changes reported on claims Schedule G, Section III?	No	 No
5.	If "yes", describe:		

STATEMENT AS OF 12-31-2002 OF 933-0211 Pacific Union Dental, Inc.

REPORT #1 ---- PART A: ASSETS

1	2
CURRENT ASSETS:	Current Period
1. Cash and Cash Equivalents	1,772,459
2. Short-Term Investments	
3. Premiums Receivable - Net	1,067,780
4. Interest Receivable	
5. Shared Risk Receivables - Net	
6. Other Health Care Receivables - Net	
7. Prepaid Expenses	185,065
8. Secured Affiliate Receivables - Current	
9. Unsecured Affiliate Receivables - Current	53,876
10. Aggregate Write-Ins for Current Assets	326,980
11. TOTAL CURRENT ASSETS (Items 1 to 10)	3,406,160
OTHER ASSETS:	
12. Restricted Assets	50,000
13. Long-Term Investments	
14. Intangible Assets and Goodwill - Net	12,002,858
15. Secured Affiliate Receivables - Long-Term	
16. Unsecured Affiliate Receivables - Past Due	
17. Aggregate Write-Ins for Other Assets	0
18. TOTAL OTHER ASSETS (Items 12 to 17)	12,052,858
PROPERTY AND EQUIPMENT	
19. Land, Building and Improvements	0
20. Furniture and Equipment - Net	70,222
21. Computer Equipment - Net	43,426
22. Leasehold Improvements -Net	
23. Construction in Progress	0
24. Software Development Costs	1,127,183
25. Aggregate Write-Ins for Other Equipment	0
26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25)	1,240,831
27. TOTAL ASSETS	16,699,849
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS	
1001. Deferred Tax Asset	279,509
1002. Other Receivables	47,471
1003.	
1004.	
1098. Summary of remaining write-ins for Item 10 from overflow page	
1099. TOTALS (Items 1001 thru 1004 plus 1098)	326,980
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS	
1701.	
1702.	
1703.	
1704.	
1798. Summary of remaining write-ins for Item 17 from overflow page	
1799. TOTALS (Items 1701 thru 1704 plus 1798)	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT	
2501.	
2502.	
2503.	
2504.	
2598. Summary of remaining write-ins for Item 25 from overflow page	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	0

STATEMENT AS OF 12-31-2002 OF 933-0211 Pacific Union Dental, Inc.

REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

1	2	3	4
CURRENT LIABILITIES:	Current Period		
	Contracting	Non-Contracting	Total
1. Trade Accounts Payable		XXX	
2. Capitation Payable	1,209,072	XXX	1,209,072
3. Claims Payable (Reported)	210,099		210,099
4. Incurred But Not Reported Claims	357,783		357,783
5. POS Claims Payable (Reported)			0
6. POS Incurred But Not Reported Claims			0
7. Other Medical Liability			0
8. Unearned Premiums	482,337	XXX	482,337
9. Loans and Notes Payable		XXX	
10. Amounts Due To Affiliates - Current	1,299	XXX	1,299
11. Aggregate Write-Ins for Current Liabilities	794,549	0	794,549
12. TOTAL CURRENT LIABILITIES (Items 1 to 11)	3,055,139	0	3,055,139
OTHER LIABILITIES:			
13. Loans and Notes Payable (Not Subordinated)		XXX	0
14. Loans and Notes Payable (Subordinated)		XXX	0
15. Accrued Subordinated Interest Payable		XXX	0
16. Amounts Due To Affiliates - Long Term		XXX	0
17. Aggregate Write-Ins for Other Liabilities	37,872	XXX	37,872
18. TOTAL OTHER LIABILITIES (Items 13 to 17)	37,872	XXX	37,872
19. TOTAL LIABILITIES	3,093,011	0	3,093,011
NET WORTH			
20. Common Stock	XXX	XXX	11,006,150
21. Preferred Stock	XXX	XXX	
22. Paid In Surplus	XXX	XXX	2,600,688
23. Contributed Capital	XXX	XXX	
24. Retained Earnings (Deficit)/Fund Balance	XXX	XXX	
25. Aggregate Write-Ins for Other Net Worth Items	XXX	XXX	0
26. TOTAL NET WORTH (Items 20 to 25)	XXX	XXX	13,606,838
27. TOTAL LIABILITIES AND NET WORTH	XXX	XXX	16,699,849
Continue Checking.			
DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES			
1101. Income Taxes Payable	142,462		142,462
1102. Other Accrued Payables	240,022		240,022
1103. Payroll Payable	212,875		212,875
1104. Accrued Vacation Payable	147,010		147,010
1198. Summary of remaining write-ins for Item 11 from overflow page	52,180		52,180
1199. TOTALS (Items 1101 thru 1104 plus 1198)	794,549	0	794,549
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES			
1701.		XXX	0
1702.		XXX	0
1703.		XXX	0
1704.		XXX	0
1798. Summary of remaining write-ins for Item 17 from overflow page		XXX	0
1799. TOTALS (Items 1701 thru 1704 plus 1798)	0	XXX	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS			
2501.	XXX	XXX	
2502.	XXX	XXX	
2503.	XXX	XXX	
2504.	XXX	XXX	
2598. Summary of remaining write-ins for Item 25 from overflow page	XXX	XXX	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	XXX	XXX	0

STATEMENT AS OF 12-31-2002 OF 933-0211 Pacific Union Dental, Inc.

REPORT #2: REVENUE, EXPENSES AND NET WORTH

	1
	Year-To-Date
REVENUES:	
1. Premiums (Commercial)	29,071,893
2. Capitation	
3. Co-payments, COB, Subrogation	
4. Title XVIII - Medicare	
5. Title XIX - Medicaid	
6. Fee-For-Service	
7. Point-Of-Service (POS)	
8. Interest	11,639
9. Risk Pool Revenue	
10. Aggregate Write-Ins for Other Revenues	2,418,336
11. TOTAL REVENUE (Items 1 to 10)	31,501,868
EXPENSES:	
Medical and Hospital	
12. Inpatient Services - Capitated	
13. Inpatient Services - Per Diem	
14. Inpatient Services - Fee-For-Service/Case Rate	
15. Primary Professional Services - Capitated	15,527,494
16. Primary Professional Services - Non-Capitated	5,069,042
17. Other Medical Professional Services - Capitated	
18. Other Medical Professional Services - Non-Capitated	
19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS	
20. POS Out-Of-Network Expense	
21. Pharmacy Expense -- Capitated	
22. Pharmacy Expense -- Fee-For-Service	
23. Aggregate Write-Ins for Other Medical and Hospital Expenses	545,620
24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23)	21,142,156
Administration	
25. Compensation	5,346,618
26. Interest Expense	
27. Occupancy, Depreciation and Amortization	690,259
28. Management Fees	2,519,218
29. Marketing	1,054,244
30. Affiliate Administration Services	
31. Aggregate Write-Ins for Other Administration	289,053
32. TOTAL ADMINISTRATION (Items 25 to 31)	9,899,392
33. TOTAL EXPENSES	31,041,548
34. INCOME (LOSS)	460,320
35. Extraordinary Item	
36. Provision for Taxes	170,573
37. NET INCOME (LOSS)	289,747
NET WORTH:	
38. Net Worth Beginning of Period	13,817,091
39. Audit Adjustments	
40. Increase (Decrease) in Common Stock	
41. Increase (Decrease) in Preferred Stock	
42. Increase (Decrease) in Paid in Surplus	
43. Increase (Decrease) in Contributed Capital	
44. Increase (Decrease) in Retained Earnings:	
45. Net Income (Loss)	289,747
46. Dividends to Stockholders	-500,000
47. Aggregate Write-Ins for Changes in Retained Earnings	0
48. Aggregate Write-Ins for Changes in Other Net Worth Items	0
49. NET WORTH END OF PERIOD (Items 38 to 48)	13,606,838

STATEMENT AS OF 12-31-2002 OF 933-0211 Pacific Union Dental, Inc.

REPORT #2: REVENUE, EXPENSES AND NET WORTH

1		2
		Year-To-Date
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES		
1001.	Revenue Network Leasing	2,244,898
1002.	Revenue ASO	173,438
1003.		
1004.		
1005.		
1006.		
1098.	Summary of remaining write-ins for Item 10 from overflow page	
1099.	TOTALS (Items 1001 thru 1006 plus 1098)	2,418,336
DETAILS OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EXPENSES		
2301.	Quality Assurance	545,620
2302.		
2303.		
2304.		
2305.		
2306.		
2398.	Summary of remaining write-ins for Item 23 from overflow page	
2399.	TOTALS (Items 2301 thru 2306 plus 2398)	545,620
DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES		
3101.	Off.Supplies	52,472
3102.	Accounting Costs	23,484
3103.	Legal	38,179
3104.	Computer Supplies	6,714
3105.	Consulting Fees	136,418
3106.	Maint.&Repair - Computer Equip	72,006
3198.	Summary of remaining write-ins for Item 31 from overflow page	-40,220
3199.	TOTALS (Items 3101 thru 3106 plus 3198)	289,053
DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS		
4701.		
4702.		
4703.		
4704.		
4705.		
4706.		
4798.	Summary of remaining write-ins for Item 47 from overflow page	
4799.	TOTALS (Items 4701 thru 4706 plus 4798)	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH ITEMS		
4801.		
4802.		
4803.		
4804.		
4805.		
4806.		
4898.	Summary of remaining write-ins for Item 48 from overflow page	
4899.	TOTALS (Items 4801 thru 4806 plus 4898)	0

REPORT #3: STATEMENT OF CASH FLOWS (Direct Method)

1	2
	Year-To-Date
CASH FLOW PROVIDED BY OPERATING ACTIVITIES	
1. Group/Individual Premiums/Capitation	29,001,298
2. Fee-For-Service	
3. Title XVIII - Medicare Premiums	
4. Title XIX - Medicaid Premiums	
5. Investment and Other Revenues	2,429,225
6. Co-Payments, COB and Subrogation	
7. Medical and Hospital Expenses	-21,406,250
8. Administration Expenses	-9,144,563
9. Federal Income Taxes Paid	-462,585
10. Interest Paid	
11. NET CASH PROVIDED BY OPERATING ACTIVITIES	417,125
CASH FLOW PROVIDED BY INVESTING ACTIVITIES	
12. Proceeds from Restricted Cash and Other Assets	750
13. Proceeds from Investments	
14. Proceeds for Sales of Property, Plant and Equipment	
15. Payments for Restricted Cash and Other Assets	
16. Payments for Investments	
17. Payments for Property, Plant and Equipment	-452,954
18. NET CASH PROVIDED BY INVESTING ACTIVITIES	-452,204
CASH FLOW PROVIDED BY FINANCING ACTIVITIES:	
19. Proceeds from Paid in Capital or Issuance of Stock	
20. Loan Proceeds from Non-Affiliates	
21. Loan Proceeds from Affiliates	
22. Principal Payments on Loans from Non-Affiliates	
23. Principal Payments on Loans from Affiliates	
24. Dividends Paid	-500,000
25. Aggregate Write-Ins for Cash Provided by Financing Activities	0
26. NET CASH PROVIDED BY FINANCING ACTIVITIES	-500,000
27. NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26)	-535,079
28. CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2,307,538
29. CASH AND CASH EQUIVALENTS AT END OF THE YEAR	1,772,459

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Continue Checking.

30. Net Income	29,001,298
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
31. Depreciation and Amortization	690,259
32. Decrease (Increase) in Receivables	-133,847
33. Decrease (Increase) in Prepaid Expenses	-23,089
34. Decrease (Increase) in Affiliate Receivables	-52,577
35. Increase (Decrease) in Accounts Payable	
36. Increase (Decrease) in Claims Payable and Shared Risk Pool	-264,094
37. Increase (Decrease) in Unearned Premium	63,252
38. Aggregate Write-Ins for Adjustments to Net Income	-152,526
39. TOTAL ADJUSTMENTS (Items 31 through 38)	127,378
40. NET CASH PROVIDED BY OPERATING ACTIVITIES (Item 30 adjusted by Item 39 must agree to Item 11)	417,125

DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES

2501.	
2502.	
2503.	
2598. Summary of remaining write-ins for Item 25 from overflow page	
2599. TOTALS (Items 2501 thru 2503 plus 2598)	0

DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME

3801. Aggregate write ins for (increase) decrease in operating assets	-94,875
3802. Aggregate write ins for increase (decrease) in operating liabilities	-57,651
3803.	
3898. Summary of remaining write-ins for Item 38 from overflow page	
3899. TOTALS (Items 3801 thru 3803 plus 3898)	-152,526

REPORT #3: STATEMENT OF CASH FLOWS (Indirect Method)

	1
	Year-to-Date
CASH FLOWS FROM OPERATING ACTIVITIES:	
1. Net Income (Loss)	289,747
ADJUSTMENTS TO RECONCILE NET INCOME (LOSS) TO NET CASH PROVIDED (USED)	
BY OPERATING ACTIVITIES:	
2. Depreciation and Amortization	
3. Unrealized Gains/Losses on Equity Securities	
4. Gain/Loss on Sale of Assets	
5. Deferred Income Taxes	
CHANGE IN OPERATING ASSETS AND LIABILITIES	
(Increase) Decrease in Operating Assets:	
6. Receivables	
7. Prepaid Expenses	
8. Affiliate Receivables	
9. Aggregate write-ins for (increase) decrease in operating assets	0
Increase (Decrease) in Operating Liabilities:	
10. Trade Accounts Payable	
11. Capitation Payable	
12. Claims Payable and IBNR	
13. Other Medical Liability	
14. Unearned Premiums	
15. Affiliate Payables	
16. Aggregate write-ins for increase (decrease) in operating liabilities	0
17. NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	289,747
CASH FLOW FROM INVESTING ACTIVITIES	
18. Proceeds from Restricted Cash and Other Assets	
19. Proceeds from Investments	
20. Proceeds for Sales of Property, Plant, and Equipment	
21. Payments for Restricted Cash and Other Assets	
22. Payments for Investments	
23. Payments for Property, Plant, and Equipment	
24. Aggregate write-ins for cash flow provided by investing activities	0
25. NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	0
CASH FLOW FROM FINANCING ACTIVITIES	
26. Proceeds from Paid-in-Capital or Issuance of Stock	
27. Loan Proceeds from Non-Affiliates	
28. Loan Proceeds from Affiliates	
29. Principal Payments on Loans from Non-Affiliates	
30. Principal Payments on Loans from Affiliates	
31. Dividends Paid	
32. Principal Payments under lease obligations	
33. Aggregate write-ins for cash flow provided by financing activities	0
34. NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	0
35. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	289,747
36. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	
37. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,772,459

Continue Checking.

REPORT #3: STATEMENT OF CASH FLOWS (Indirect Method)

1	2
	Year-to-Date
DETAILS OF WRITE-INS AGGREGATED AT ITEM 9 FOR (INCREASE) DECREASE IN OPERATING ASSETS	
901.	
902.	
903.	
998. Summary of remaining write-ins for Item 9 from overflow page	
999. TOTALS (Items 901 thru 903 plus 998)	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 16 FOR INCREASE (DECREASE) IN OPERATING LIABILITIES	
1601.	
1602.	
1603.	
1698. Summary of remaining write-ins for Item 16 from overflow page	
1699. TOTALS (Items 1601 thru 1603 plus 1698)	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 24 FOR CASH FLOW PROVIDED BY INVESTING ACTIVITIES	
2401.	
2402.	
2403.	
2498. Summary of remaining write-ins for Item 24 from overflow page	
2499. TOTALS (Items 2401 thru 2403 plus 2498)	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 33 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES	
3301.	
3302.	
3303.	
3398. Summary of remaining write-ins for Item 33 from overflow page	
3399. TOTALS (Items 3301 thru 3303 plus 3398)	0

TOTAL ENROLLMENT

[illegible]

SCHEDULE A-1 (CASH)

1	2	3
Name of Depository (List all accounts even if closed during the period)	Account Number	Balance*
1. COMERICA	1891577858	-152,440
2. COMERICA	1891572339	2,387,545
3. COMERICA/Monarch	60-0009-20-3	2,140
4. COMERICA	1891572313	-135,511
5. COMERICA	1891572321	-520,420
6. Civic Bank of Commerce	1050232513	121,005
7. Bank of America	12334-14089	66,733
8. COMERICA	1891572362	3,107
9. Total Cash on Deposit		1,772,159
10. Cash on Hand (Petty Cash)		300
11. Total Cash on Hand and on Deposit (Report #1, Part A, Line 1)		1,772,459

SCHEDULE A-2 RESTRICTED ASSETS

1	2	3
Name of Depository (List all accounts even if closed during period)	Account Number	Balance*
12. US BANK	353400753979	20,000
13. US BANK	353400753987	30,000
14.		
15.		
16.		
17.		
18.		
19. Total Restricted Assets		50,000

* Indicate the Balance Per the HMO's Records

STATEMENT AS OF 12-31-2002 OF 933-0211 Pacific Union Dental, Inc.

12

SCHEDULE B - INVESTMENTS

Individually list investments with account balances greater than 2% of total (short-term and long-term) investments.

[illegible]

STATEMENT AS OF 12-31-2002 OF 933-0211 Pacific Union Dental, Inc.

SCHEDULE C - PREMIUMS RECEIVABLE (Other than Affiliates)

Individually list all debtors (commercial only) with account balances greater than 5% of gross Premiums Receivable

	1 Name of Debtor	2 31-60 Days	3 61-90 Days	4 Over 90 Days	5 Total
1.	California Service Employees	234,964			234,964
2.	County of Kern	142,715	4,557		147,272
3.	Laborers Health & Welfare	106,457			106,457
4.	TBT	121,388			121,388
5.					0
6.					0
7.					0
8.					0
9.					0
10.					0
11.					0
12.					0
13.					0
14.					0
15.					0
16.					0
17.					0
18.					0
19.					0
20.					0
21.					0
22.					0
23.					0
24.					0
25.					0
26.					0
27.					0
28.					0
29.					0
30.					0
31.					0
32.					0
33.					0
34.					0
35.					0
36.					0
37.					0
38.					0
39.					0
40.					0
41.					0
42.					0
43.					0
44.					0
45.					0
46.					0
47.					0
48.					0
49.					0
50.					0
51.					0
52.					0
53.					0
54.					0
55.	Total - Individual Listed Receivables	605,524	4,557	0	610,081

STATEMENT AS OF 12-31-2002 OF 933-0211 Pacific Union Dental, Inc.

SCHEDULE D
HEALTH CARE RECEIVABLES &
AMOUNTS DUE FROM PARENT, SUBSIDIARIES, AND AFFILIATES

Individually list all debtors with account balances greater than 10% of gross Receivables

	1 Name of Debtor	2 31-60 Days	3 61-90 Days	4 Over 90 Days	5 Total
1.	Pacific Dental Benefits, Inc.	53,876			53,876
2.					0
3.					0
4.					0
5.					0
6.					0
7.					0
8.					0
9.					0
10.					0
11.					0
12.					0
13.					0
14.					0
15.					0
16.					0
17.					0
18.					0
19.					0
20.					0
21.					0
22.					0
23.					0
24.					0
25.					0
26.					0
27.					0
28.					0
29.					0
30.					0
31.					0
32.					0
33.					0
34.					0
35.					0
36.					0
37.					0
38.					0
39.					0
40.					0
41.					0
42.					0
43.					0
44.					0
45.					0
46.					0
47.					0
48.					0
49.					0
50.					0
51.					0
52.					0
53.					0
54.					0
55.	Total - Individual Listed Receivables	53,876	0	0	53,876

SCHEDULE E - PROPERTY & EQUIPMENT - NET

1	2	3	4	5
Description, Address, and Date Acquired	Cost	Improvements	Accumulated Depreciation	Book Value (Columns 2+3-4)
Land:				
1.	0	0	0	0
2.	0	0	0	0
3.	0	0	0	0
4. TOTAL LAND	0	0	0	0
Building & Improvements:				
5.	0	0	0	0
6.	0	0	0	0
7.	0	0	0	0
8. TOTAL BUILDING & IMPROVEMENTS	0	0	0	0
Construction in Progress:				
9.	0	0	0	0
10.	0	0	0	0
11.	0	0	0	0
12. TOTAL CONSTRUCTION IN PROGRESS	0	0	0	0
13. Furniture & Equipment (Totals Only):	477,377		407,155	70,222
14. Computer Equipment (Totals Only):	535,256		491,830	43,426
15. Software Development Costs (Totals Only):	2,162,565		1,035,382	1,127,183
Other:				
16.	0	0	0	0
17.	0	0	0	0
18.	0	0	0	0
19.	0	0	0	0
20.	0	0	0	0
21.	0	0	0	0
22.	0	0	0	0
23.	0	0	0	0
24. TOTAL OTHER	0	0	0	0
25. GRAND TOTALS	3,175,198	0	1,934,367	1,240,831

STATEMENT AS OF 12-31-2002 OF 933-0211 Pacific Union Dental, Inc.

SCHEDULE F - ACCOUNTS PAYABLE

Individually list all creditors with account balances greater than 5% of total trade accounts payable. Group the total of all other payables and enter on the line titled, "Aggregate Accounts Not Individually Listed-Due." Report accounts payable from the initial date of billing or due date under contract.

1 Name of Debtor		2 31-60 Days	3 61-90 Days	4 91-120 Days	5 Over 120 Days	6 Total
1.						0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0
24.	Total - Individual Listed Payables	0	0	0	0	0

SCHEDULE G - UNPAID CLAIMS ANALYSIS**SECTION I - CLAIMS UNPAID**

	1	2	3
Type of Claim	Reported Claims in Process of Adjustment	Estimated Incurred but Unreported	Total - Unpaid Claims (Columns 4+5 of Section II)
1. Inpatient Claims			0
2. Physician Claims			0
3. Referral Claims	210,099	357,783	567,882
4. Other Medical	1,209,072		1,209,072
5. TOTAL	1,419,171	357,783	1,776,954

SECTION II - ANALYSIS OF CLAIMS UNPAID - PREVIOUS YEAR (FILE ANNUAL ONLY)

1 Type of Claim	Claims Paid During the Fiscal Year		Unpaid Claims During the Fiscal Year		6 Total Claims (Paid and Unpaid) for the Previous Fiscal Year (2+4)	7 Estimated Liability of Unpaid Claims Prior to the first day of the Prior Year
	2 On Claims Incurred Prior to the first day of the Current Fiscal Year	3 On Claims Incurred During the Fiscal Year	4 On Claims Unpaid Prior to the first day of the Previous Fiscal Year	5 On Claims Incurred During the Year		
6. Inpatient Claims					0	
7. Physician Claims					0	
8. Referral Claims	893,738	3,550,328	531,936	-170,134	1,425,674	361,802
9. Other Medical	1,398,762	15,640,721	0	1,398,762	1,398,762	1,398,762
10. TOTAL	2,292,500	19,191,049	531,936	1,228,628	2,824,436	1,760,564

SECTION III - INVENTORY OF CLAIMS TO BE PROCESSED*

1 Month Ending	2 Beginning Balance Number of Claims in inventory on the 1st of each month	3 Add - Claims Received during the month	4 Deduct - Claims paid during the month	5 Deduct - Claims denied during the month	6 Add/Deduct - Adjustments	7 Ending Balance Number of claims in inventory at the end of the month
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0

* Describe any significant changes reported on Schedule G, Section III in the Supplemental Schedule (Page 2).

STATEMENT AS OF 12-31-2002 OF 933-0211 Pacific Union Dental, Inc.

SCHEDULE H - AGING OF ALL CLAIMS

Age all claims on hand at the end of each month. Use the date of receipt to determine the number of days the claims is outstanding. The amount reported in Column 6 should equal the amount Reported on Schedule G, Section III, Column 7.

	1	2	3	4	5	6
	Month Ending	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
1.						0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0

STATEMENT AS OF 12-31-2002 OF 933-0211 Pacific Union Dental, Inc.

SCHEDULE I - ANALYSIS OF TOTAL MEDICAL LIABILITY TO ACTUAL CLAIMS PAID

Using the Plan's Lag Tables, complete the following table. Provide claim information the current quarter and the previous seven quarters. An actuarial certification may be submitted in lieu of this schedule.

Reported Accrual				
1	2	3	4	5
Quarter Ending Date	Total Medical Liability*	Amount Paid-To-Date	Difference - Column (2-3)	Liability (Based on plan's lag table)
1. Current		XXX	0	
2. Previous			0	
3. Previous			0	
4. Previous			0	
5. Previous			0	
6. Previous			0	
7. Previous			0	
8. Previous			0	

* Should tie to Report #1, Part B, Column 4, Lines 3 through 7.

STATEMENT AS OF 12-31-2002 OF 933-0211 Pacific Union Dental, Inc.

SCHEDULE J
LOANS AND NOTES PAYABLE (INCLUDING AFFILIATES)

List all amounts with balances greater than 10% of gross Payables

	1	2	3	4	5	6	7	8
	Name of Lender	Rate	Principal	Accrued Interest	Total	Current	Non-Current	Compliance with Covenants Y or N
	FINANCIAL INSTITUTIONS:							
1.					0			
2.					0			
3.					0			
4.					0			
5.					0			
6.					0			
7.					0			
8.					0			
9.					0			
10.					0			
11.					0			
12.					0			
13.					0			
14.					0			
15.					0			
16.					0			
17.					0			
18.					0			
19.					0			
20.					0			
21.					0			
22.					0			
23.					0			
24.	TOTAL FINANCIAL INSTITUTIONS	XXX	0	0	0	0	0	XXX
	OTHER LENDERS:							
25.					0			
26.					0			
27.					0			
28.					0			
29.					0			
30.					0			
31.					0			
32.					0			
33.					0			
34.					0			
35.					0			
36.					0			
37.					0			
38.					0			
39.					0			
40.					0			
41.					0			
42.					0			
43.					0			
44.					0			
45.					0			
46.					0			
47.					0			
48.					0			
49.					0			
50.					0			
51.					0			
52.	TOTAL OTHER LENDERS	XXX	0	0	0	0	0	XXX

STATEMENT AS OF 12-31-2002 OF 933-0211 Pacific Union Dental, Inc.

SCHEDULE K - SUMMARY OF HMO'S TRANSACTIONS WITH ANY AFFILIATES

Include the aggregate of transactions, for the reporting period, within each category involving the parent company (companies), all insurance companies in the Holding Company System, and all other companies in the system with which an insurance company or HMO member had a transaction. Exclude: transactions of a non-insurer with an insurance company or HMO that are of a routine nature (i.e., the purchase of insurance coverage) and cost allocation transactions that are based upon generally accepted accounting principles.

1	2	3	4	5	6	7	8	9	10
Federal ID Number	Names of HMOs and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans, or Other Investments	Income/ (Disbursements) Incurred In Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	Any Other Material Activity not in the Ordinary Course of the Insurer's HMO Business	Total
1.	Pacific Dental Benefits, Inc.	-500,000				2,519,218			2,019,218
2.									0
3.									0
4.									0
5.									0
6.									0
7.									0
8.									0
9.									0
10.									0
11.									0
12.									0
13.									0
14.									0
15.									0
16.									0
17.									0
18.									0
19.	TOTALS	-500,000	0	0	0	2,519,218	0	0	2,019,218

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NOTES TO FINANCIAL STATEMENTS	
1.	See Attachment.
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OVERFLOW PAGE FOR WRITE-INS	
1.	See Attachment.
2.	
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GENERAL INTERROGATORIES

	1	2
1. Has any change been made since the last reporting date in the charter, articles of incorporation, by-laws, or contracts with physicians, hospitals or subscribers where submission is required by a state regulation? If "Yes," attach current copies of the documents, if they have not been previously submitted.	No	
2. Is the Reporting Entity authorized to conduct business in other states? If "Yes", list all states which the Reporting Entity is authorized to conduct business:	No	
3. State the name of the regulatory agency and state as of what date the latest financial examination of the Reporting Entity was made or is being made.	Department of Managed Health Care, as of June 30, 2001	
4. State the name of the regulatory agency and the date of the latest financial examination report that is available from other regulatory agencies. This date should be the date of the examined balance sheet and not the date the report was completed or released.	N/A	
5. State the name of the regulatory agency and state as of what date the latest financial examination report became available to other states or the public from other regulatory agencies. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).	N/A	
6. Is the Reporting Entity directly or indirectly owned or controlled by any other company, corporation, group of companies, partnership, or individual?	Yes	
7. Does the Reporting Entity have an established procedure for annual disclosure to its Board of Directors of any material interest or affiliation on the part of any of its officers, directors, or responsible employees, which is in, or is likely to, conflict with the official duties of such person?	Yes	
8. Did any officer, director, shareholder, or salaried employee of the Reporting Entity receive, directly or indirectly, any commission on the business transactions of the Reporting Entity? If "Yes," give particulars:	Yes	Account Executives commissions, based on paid premium for specific groups.
9. Was money loaned during the period covered by this report to any officer, director, or shareholder of the Reporting Entity? If "Yes," give detailed explanation of each loan:	No	
10. Are officers and employees of the Reporting Entity covered by a fidelity bond? If "Yes," give name of surety company and amount of coverage:	Yes	AIG \$2 million/\$4 million
11. Were all the stocks, bonds, and other securities owned as of the reporting period, over which the Reporting Entity has exclusive control, in the actual possession of the Reporting Entity on the said date? If "No," give location:	No	Comerica Bank, San Jose, CA
12. Is the purchase or sale of all investments of the Reporting Entity passed upon by either the Board of Directors or a subordinate committee thereof? If "No," state who has the authority:	Yes	
13. Has any present or former officer, director, or any other person or firm any claim of any nature whatsoever against the Reporting Entity which is not included in the financial statements? If "Yes," give details:	No	
14. Have damage claims for medical injury been initiated against the Reporting Entity during the reporting year? If "Yes," provide the following information on any contingent liabilities that will be greater than 1% of required TNE. Include a complete report giving the number and amount of claims broken down into claims with and without formal legal process, and their disposition, if any.	No	

STATEMENT AS OF 12-31-2002 OF 933-0211 Pacific Union Dental, Inc.

GENERAL INTERROGATORIES

	1	2
15. Has the Reporting Entity been subject to any administrative orders, cease and desist orders, revocation orders, fines or suspensions by any government entity during the reporting year? If "Yes," give details (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement).	Yes ▾	\$7,500 fine from DMHC due to late claim and penalty payments to providers. Problem addressed and corrected.
16. Have any other legal actions been taken against the Reporting Entity during the reporting year? If "Yes," attach additional sheets giving full particulars.	No ▾	
17. Does the Reporting Entity have direct professional liability coverage (commonly known as "malpractice")? If the Reporting Entity does not have this coverage, please explain. If "Yes," provide the (1) name of carrier, (2) limits of coverage, and (3) expiration date.	Yes ▾	Lexington Insurance Company \$1 million/\$1 million, expires 1/1/04.
18. Are the providers of the Reporting Entity contractually obligated to maintain professional liability coverage?	Yes ▾	
19. Does the Reporting Entity have general liability insurance coverage? If the Reporting Entity does not have this coverage, please explain. If "Yes," provide the (1) name of carrier, (2) limits of coverage, and (3) expiration date:	Yes ▾	C N A Insurance \$1million/\$1million, expires 1/1/04.
20. Does the Reporting Entity have reinsurance (stop-loss) coverage? If the Reporting Entity does not have this coverage, please explain. If "Yes," provide the (1) name of carrier, (2) limits of coverage, and (3) expiration date.	No ▾	Not required by plan.
21. Describe arrangements which the Reporting Entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other arrangements.	All provider agreements have requisite "hold harmless" clause.	
22. Does the Reporting Entity set-up its claims liability for hospital and other medical services on an invoice date basis or a service date basis? (State basis, if both, explain)	Service ▾	Incurred but not reported claims (IBNR) is based upon a rolling 12 month lag study based on dates of service and month paid basis.
23. Have there been any changes in the information filed with the Department regarding the value of the collateral used to secure affiliate receivables that are being included to calculate Tangible Net Equity as permitted by Rule 1300.76(e). If "yes," give details and indicate if the changes have been filed.	No ▾	
24. Does the Reporting Entity have business subject to implicit or explicit premium rate guarantees? If "Yes," provide (1) the percentage of total revenues that has rate guarantees between 15-36 months and (2) the percentage of total revenues that has rate guarantees over 36 months.	No ▾	
25. Does the Reporting Entity contract with other companies for claims processing services? If "Yes," provide (a) the state(s) that the other companies are domiciled, (2) if the financial status is monitored (if "yes", please explain) and (3) if there is a disaster recovery plan (if "Yes", please explain).	No ▾	

STATEMENT AS OF 12-31-2002 OF 933-0211 Pacific Union Dental, Inc.

GENERAL INTERROGATORIES

List the following capital stock information for the Reporting Entity:						
		1	2	3	4	5
		No. of Shares Authorized	No. of Shares Outstanding	Par or Stated Value Per Share	Dividend Rate	Are Dividends Cumulative?
26.	Common	10,000	1,500	-	-	no
27.	Preferred	None	N/a	N/a	N/a	N/a
Provide the following information for accounts that are ten (10% or more of the total Reporting Entities enrollment:						
(a) Type of Account - In the table below, describe the account using one of the following terms:						
(1) Federal Employees						
(2) County and Municipal Employees						
(3) State Employees						
(4) Corporate Nonpublic - Service Sector						
(5) Corporate Nonpublic - Manufacturing						
(6) Union and Trust Fund (Account contract should be with a union trust fund; do not include accounts for contracts with above categories even if they are unionized)						
(7) Medicaid						
(8) Medicare						
(9) Other						
(b) Percentage of Total Enrollment - Provide the percentage of total enrollment represented by this account.						
(c) Renewal Date - Provide the renewal date (month/day/year) for the account's contract.						
	1	2	3			
	(a) Type of Account	(b) Percentage of Enrollment	(c) Renewal Date			
28.	Type "(9)" Other - Blue Shield Basic - Dental Network Leasing	27.48	Various			
29.						
30.						
31.						
32.						
33.						
Provide the following details on reinsurance recoveries and expenses:						
	1	2	3	4	5	6
	Description of Treaty, Terms, and Name of Carrier	Total Reinsurance Recoveries Received in Current Year	Total Recoveries Receivable or Recoverable for Current Year Claims	Reinsurance Recoveries Receivable for the prior Annual Statement (same as Col 3 in last year's schedule)	Reinsurance Recoveries for Current Year Earnings (Col. 2+3+4)	Reinsurance Premiums
34.					0	
35.					0	
36.					0	
37.					0	
38.					0	
39.					0	
40.					0	

STATEMENT AS OF 12-31-2002 OF 933-0211 Pacific Union Dental, Inc.

KNOX-KEENE

SUPPLEMENTAL INFORMATION

PURSUANT TO SECTIONS 1300.84.06, 1300.84.2 AND 1374.68

	1	2	3	4	5
A.	Explanation of the method of calculating the provision for incurred and unreported claims:				
1.					
B.	Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below:				
	<u>Name of Debtor</u>	<u>Nature of Relationship</u>	<u>Nature of Receivable</u>	<u>Amount</u>	<u>Terms</u>
2.	Pacific Dental Benefits, Inc.	Parent Company	Intercompany	53,876	30 days
3.					
4.					
5.					
6.					
C.	Donated materials or services received by the reporting entity for the period of the financial statements, as detailed below:				
	<u>Donor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Valuation Method</u>	<u>Amount</u>	
7.					
8.					
9.					
10.					
11.					
D.	Forgiven debt or obligations, as detailed below:				
	<u>Creditor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Summary of How Obligation Arose</u>	<u>Amount</u>	
12.					
13.					
14.					
15.					
E.	Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules:				
16.	Net Equity		\$	13,606,838	
17.	Add: Subordinated Debt		\$		
18.	Less: Receivables from officers, directors, and affiliates		\$	53,876	
19.	Intangibles		\$	12,002,858	
20.	Tangible Net Equity (TNE)		\$	1,550,104	
21.	Required Tangible Net Equity (See Page 30)		\$	446,123	
22.	TNE Excess (Deficiency)		\$	1,103,981	
F.	Percentage of administrative costs to revenue obtained from subscribers and enrollees:				
23.	Revenue from subscribers and enrollees		\$	31,501,868	
24.	Administrative Costs		\$	9,899,392	
25.	Percentage			31	
26.	The amount of health care expenses incurred during the six month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees:		\$		
27.	Total costs for health care services for the immediately preceding six months:		\$		
28.	Percentage				

G. If the amount of health care expenses incurred during the six month period immediately preceding the date of the report which <u>were or will be paid</u> to noncontracting providers or directly reimbursed to subscribers and enrollees exceeds 10% of the total costs for health care services for the immediately preceding six months, the following information, determined as of the date of the reports, shall be provided:		1
29. Amount of all claims for noncontracting provider services received for reimbursement but not yet processed:	\$	
30. Amount of all claims for noncontracting provider services denied for reimbursement during the previous 45 days:	\$	
31. Amount of all claims for noncontracting provider services approved for reimbursement but not yet paid:	\$	
32. An estimate of the amount of claims for noncontracting provider services incurred, but not reported:	\$	
33. Compliance with Section 1377(a) as determined in accordance with such section, as follows:		
34. Cash & cash equivalents maintained	\$	
35. Noncontracting provider claims (aggregate of total of items 29 - 32 above)	\$	0
36. Cash & cash equivalents reported to be maintained (120% x Line 35)	\$	0
37. Deposit required (100% of Line 36)	\$	0
38. Excess (deficient) reserves (Line 34 - Line 37)	\$	0
Percentage of premium revenue earned from point-of-service plan contracts:		
39. Premium revenue earned from point-of-service plan contracts	\$	
40. Total premium revenue earned	\$	
41. Percentage		
Percentage of total health care expenditures incurred for enrollees for out-of-network services for point-of-service enrollees:		
42. Health care expenditures for out-of-network services for point-of-service enrollees	\$	
43. Total health care expenditures	\$	
44. Percentage		
45. Point-of-Service Enrollment at end of period		
Total Ambulatory encounters for period for point-of-service enrollees:		
46. Physician		
47. Non-Physician		
48. Total		0
49. Total Patient Days Incurred for Point-of-Service enrollees		
50. Annualized Hospital Days/1000 for Point-of-Service enrollees		0
51. Average Length of Stay for Point of Service enrollees		0
52. Compliance with Section 1374.68(a) as follows:		
53. Current Monthly Claims Payable for out-of-network coverage or services provided under Point-of-Service Contracts:	\$	
54. Current monthly incurred but not reported claims balance for out-of-network coverage or services provided under Point-of-Service contracts	\$	
55. Total	\$	0
56. Total times 120%	\$	0
57. Deposit (Greater of Line 56 or minimum of \$200,000)	\$	

STATEMENT AS OF 12-31-2002 OF 933-0211 Pacific Union Dental, Inc.

REQUIRED TANGIBLE NET EQUITY (TNE) CALCULATION:

TNE required must be equal to the GREATER of "A" "B" or "C" below (See Rule 1300.76)

	Full Service Plans		Specialized Plans	
		1		2
A. Minimum TNE Requirement	\$ 1,000,000		Minimum TNE Requirement	\$ 50,000
B. REVENUES:				
1. 2% of the first \$150 million of annualized premium revenues	\$		2% of the first \$7.5 million of annualized premium revenue	\$ 150,000
Plus			Plus	
2. 1% of annualized premium revenues in excess of \$150 million	\$		1% of annualized premium revenue in excess of \$7.5 million	\$ 216,719
3. Total	\$ 0		Total	\$ 366,719
C. HEALTHCARE EXPENDITURES:				
4. 8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$		8% of the first \$7.5 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$ 446,123
Plus			Plus	
5. 4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis.	\$		4% of annualized health care expenditures in excess of \$7.5 million except those paid on a capitated or managed hospital payment basis.	\$
Plus			Plus	
6. 4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$		4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$
7. Total	\$ 0		Total	\$ 446,123
8. Required "TNE" - Greater of "A" "B" or "C"	\$		Required "TNE" - Greater of "A" "B" or "C"	\$ 446,123

**KNOX -KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1374.64**

POINT OF SERVICE "ADJUSTED" TANGIBLE NET EQUITY CALCULATION

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

	1
1. Net Equity	\$ 13,606,838
2. Add: Subordinated Debt	\$
3. Less: Receivables from officers, directors, and affiliates	\$ 53,876
4. Intangibles	\$ 12,002,858
5. Tangible Net Equity (TNE)	\$ 1,550,104
6. Required Tangible Net Equity (From Line 10 or 13 below)	\$
7. TNE Excess (Deficiency)	\$ 1,550,104
ADJUSTED REQUIRED MINIMUM TANGIBLE NET EQUITY CALCULATION:	
I. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(1) or (2):	
8. Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2)	\$
9. 10% of annualized health care expenditures for out-of-network service for point-of-service enrollees	\$
10. Add lines 8 and 9	\$ 0
II. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(3):	
<u>PART A</u>	
11. Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 32)	\$
12. 10% of annualized health care expenditures for out-of-network services for point-of-service enrollees	\$
13. Add lines 11 and 12	\$ 0
III. MINIMUM TNE REQUIREMENT TO DETERMINE MONTHLY REPORTING	
14. Multiply Line 5 (above) by 130%	\$ 2,015,135
15. Multiply Line 6 (above) by 130%	\$ 0
16. Difference (Line 14 - Line 15)	\$
If Line 14 is less than Line 15, then monthly reporting is required	\$ 2,015,135

STATEMENT AS OF 12-31-2002 OF 933-0211 Pacific Union Dental, Inc.

WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

	1 Full Service Plans	2 Specialized Plans
1. Health care expenditures for period	\$ <input type="text"/>	\$ <input type="text"/>
Less:		
2. Capitated or managed hospital payment basis expenditures	<input type="text"/>	<input type="text"/>
3. Health care expenditures for out-of-network services for point-of-service enrollees	<input type="text"/>	<input type="text"/>
4. Result	<input type="text" value="0"/>	<input type="text" value="0"/>
5. Annualized	<input type="text"/>	<input type="text"/>
6. Reduce to maximum of \$150 million	<input type="text"/>	<input type="text"/>
7. Multiply by 8%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
8. Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
9. Less \$150 million	<input type="text"/>	<input type="text"/>
10. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
11. Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
12. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
13. Total	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>

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